

BUDGET MEMO

To: Mayor and Council

From: Cindy Jackson, Chief Financial Officer

Date: December 4, 2015

CC: Ty Ross, City Administrator

Attached for Mayor and Council review is the proposed 2016 balanced budget as required by Georgia statute. The budget contains a summary of revenues and expenditures for the General Fund and budgets for eleven other funds. A tax increase is not recommended in this budget; however, fund balance of \$1,500,000 is utilized for departmental capital acquisition.

The Proposed General Fund 2016 Budget is \$33,112,100 which is an increase of \$988,090 (3%) when compared to the 2015 adopted budget. The following is an overview of the 2016 general fund budget summary document attached:

Revenues: The total 2016 budgeted revenues are expected to increase by \$518,200 (2%) when compared to the 2015 adopted budget. Each major component is addressed below.

Utility Transfer: The most significant change in revenue is derived from the increase of the transfer fee from the municipal owned utility of \$385,000. This is a 4% increase when compared to last year. The projected transfer fee for 2016 is \$10,010,000 and represents 32% of total budgeted revenues. The transfer fee is based on a formula in accordance with City Ordinance 03-36.

Property Taxes: The taxable property digest grew slightly over 1% in 2015, but is projected to remain flat in 2016. The millage rate reflected in this budget is equivalent to the 2015 rate of 2.511. The current year taxable digest increase is reflected in this budget and equivalent to \$39,600 which is a projected .5% increase from last year. Property tax is our second largest revenue source at 25% of total projected revenue.

Other Items: Local option sales tax is our third largest revenue source at 18% of total revenues. Sales tax is projected to increase slightly in 2016 by \$25,000. The Title Ad Valorem Tax is anticipated to increase by \$291,000 due to the local government share increase of 1.5% in 2016 and the City's "third-bucket" percentage being based on the SPLOST percentage of 39.6% instead of LOST percentage of 33%. The Energy Tax will be phased in at 100% in 2016 and has been taken into consideration for budget purposes as well. Insurance premium tax is estimated to increase \$122,000 from the prior year's budget based on the 2015 actual. Recreation fees and concession revenues are expected to increase \$43,900 (11%) due to

the recreation department taking tournaments in house and opening three additional concession stands. The budget reflects decreases in several line items such as vehicle tax (elimination of birthday tax), alcohol beverage tax, court fines, and municipal court fees.

Expenditures: Departmental budget requests increased a slight \$167,595 (.5%). Employee benefit costs remained flat with no increase to the employer portion of the health insurance or pension contribution. This budget reflects an across the board 2% cost of living adjustment and the addition of one public works employee and an increase in part-time recreation employees to cover tournaments and concessions.

Capital transfers increased \$821,000 (205%) when compared to 2015. This is due to the 2016 total capital improvement budget being adopted instead of deferring departmental requests until later into the budget year. In addition to departmental capital requests of \$1,500,000, the budget also reflects capital for the Senior Center and Airport in the amount of \$11,500 and \$35,000 respectively.

The City started the 2015 budget year with a fund balance of \$22.4 million and anticipates beginning the 2016 budget year with approximately \$20.0 million in fund balance while restricting \$1.0 million to complete capital projects unfinished at yearend.

The City continues to maintain a healthy fund balance in order to be sustainable during economic downturns and emergency situations. The City's financial health is contingent upon prudent fiscal policies and spending coupled with adequate internal controls to safeguard the City's assets.

Please contact me if you have any questions or concerns.

2016 Proposed Budget General Fund

City of Dalton
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Proposed 2016 Budget

Revenues

Property taxes (excludes vehicle)	\$ 7,960,600
Other taxes	10,186,000
Licenses and permits	950,000
Fines and forfeitures	350,200
Charges for services	1,148,800
Intergovernmental - local	48,700
Intergovernmental - state and federal	279,200
Miscellaneous	678,600
Total Revenues	<u>21,602,100</u>

Expenditures

General government and administration:

Elections	-
Legislative	161,845
Administration	338,460
Special activities	10,000
Contingency	134,150
City Clerk	276,380
Technology	353,185
Finance	646,570
Municipal Court	474,915
Human Resources	354,520
General government - buildings	213,250

Public safety:

Fire	8,388,185
Police	7,839,285

Streets & sanitation:

Public Works	7,210,305
Infrastructure	281,975

Culture and recreation:

Recreation Department	3,433,630
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Payments to other agencies:

Dalton Whitfield Economic Development Authority	157,500
DWCDC	92,750
Library	200,810
Whitfield Murray Historical Society	25,000
Creative Arts Guild	56,000
DDDA	61,500
Georgia Dept. Veterans Affairs	990

Total Expenditures	<u>30,711,205</u>
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(Deficiency) of Revenues (Under Expenditures)	<u>(9,109,105)</u>
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Other Financing Sources (Uses)

Transfers in

Utility Transfer	10,010,000
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Transfers out

Senior Center	(181,500)
Dalton Municipal Airport	(35,000)
CHIP Grant	(5,000)
TE Grant	(40,000)
Debt Service	(624,395)
Airport Grant	(15,000)
Capital Acquisitions	(1,500,000)

Total Other Financing Sources (Uses)	<u>\$ 7,609,105</u>
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Net Increase (Decrease) Fund Balance	<u>\$ (1,500,000)</u>
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PROJECTED REVENUES AND OTHER SOURCES
General Fund Summary

REVENUES	2014 Actual	2015 Budget	2016 Budget	% Change	% 2016 Budget
Millage Rate	2.537	2.537	2.511		
Property Tax (excludes vehicle tax)	\$ 8,371,151	\$ 7,922,000	\$ 7,960,600	0.5%	25.2%
Vehicle tax	265,892	275,000	172,000	-37.5%	0.5%
Intangible tax	38,217	30,000	50,000	66.7%	0.2%
Real estate transfer tax	15,604	17,000	17,000	0.0%	0.1%
Title & alternative ad valorem tax	878,807	929,000	1,220,000	31.3%	3.9%
Local option sales tax	5,555,468	5,530,000	5,555,000	0.5%	17.6%
Insurance premium tax	1,787,075	1,785,000	1,907,000	6.8%	6.0%
Alcohol beverage tax	773,137	761,000	741,000	-2.6%	2.3%
Franchise tax	529,408	522,000	524,000	0.4%	1.7%
Total Other Taxes	9,843,608	9,849,000	10,186,000	3.4%	32.2%
Alcohol beverage license	230,521	230,400	235,000	2.0%	0.7%
Occupation taxes	737,962	735,000	715,000	-2.7%	2.3%
Total Licenses	968,483	965,400	950,000	-1.6%	3.0%
Fines (net of refunds)	481,099	455,000	350,200	-23.0%	1.1%
Total Fines & Forfeitures	481,099	455,000	350,200	-23.0%	1.1%
Recreation fees	97,935	124,000	155,900	25.7%	0.5%
Concession revenue	270,386	273,000	285,000	4.4%	0.9%
Garbage fees & recycling	51,756	3,200	3,200	0.0%	0.0%
Public works fees	73,813	59,000	59,000	0.0%	0.2%
Public safety fees	30,953	32,000	30,000	-6.3%	0.1%
Cemetery fees	35,440	32,000	35,000	9.4%	0.1%
Municipal court fees	884,819	798,000	580,700	-27.2%	1.8%
Total Charges for Services	1,445,102	1,321,200	1,148,800	-13.0%	3.6%
Whitfield County & Housing Authority	253,712	48,700	48,700	0.0%	0.2%
State and federal grants/contracts	282,158	267,000	279,200	4.6%	0.9%
Total Intergovernmental	535,870	315,700	327,900	3.9%	1.0%
Penalties and fines	74,273	66,100	74,000	12.0%	0.2%
Investment earnings	106,422	115,000	115,000	0.0%	0.4%
Rental income	252,875	229,000	253,600	10.7%	0.8%
Donations	21,006	13,000	13,500	3.8%	0.0%
Reimbursements	135,990	140,000	135,000	-3.6%	0.4%
Miscellaneous	104,215	77,500	87,500	12.9%	0.3%
Total Miscellaneous	694,781	640,600	678,600	5.9%	2.1%
Total Operating Revenue	22,340,094	21,468,900	21,602,100	0.6%	68.3%
Other Financing Sources					
Sale of property	140,820	-	-	0.0%	0.0%
Proceeds from issuance of debt	-	-	-	0.0%	0.0%
Transfer in (hotel/motel tax)	186,486	-	-	0.0%	0.0%
Transfer in (WLSF)	9,393,000	9,625,000	10,010,000	4.0%	31.7%
Total Other Financing Sources	9,720,306	9,625,000	10,010,000	4.0%	31.7%
Total Revenue & Other Sources	\$ 32,060,400	\$ 31,093,900	\$ 31,612,100	1.7%	100.0%

PROJECTED EXPENDITURES & OTHER USES

General Fund Summary

	2014 Actual	2015 Budget	2016 Budget	% Change	% 2016 Budget
EXPENDITURES					
General government and administration:					
Elections	\$ 5,572	\$ 25,000	\$ -	-100.0%	0.00%
Legislative	150,846	148,520	161,845	9.0%	0.49%
Administration	318,933	338,160	338,460	0.1%	1.02%
Special activities	2,500	10,000	10,000	0.0%	0.03%
Contingency	-	122,535	134,150	9.5%	0.41%
City Clerk	256,687	256,100	276,380	7.9%	0.83%
Technology	272,925	324,800	353,185	8.7%	1.07%
Finance	572,282	624,310	646,570	3.6%	1.95%
Municipal Court	414,003	464,250	474,915	2.3%	1.43%
Human Resources	316,409	340,840	354,520	4.0%	1.07%
General government - buildings	201,616	213,550	213,250	-0.1%	0.64%
Public safety:					
Fire	7,415,672	8,003,710	8,388,185	4.8%	25.33%
Police	7,495,088	7,736,140	7,839,285	1.3%	23.67%
Streets & sanitation:					
Public Works & stormwater	6,421,115	7,160,250	7,210,305	0.7%	21.78%
Infrastructure	1,145,282	998,320	281,975	-71.8%	0.85%
Culture and recreation:					
Recreation Department	3,022,416	3,172,325	3,433,630	8.2%	10.37%
Payments to other agencies	637,044	604,800	594,550	-1.7%	1.80%
Total Departmental Expenditures	<u>28,648,390</u>	<u>30,543,610</u>	<u>30,711,205</u>	<u>0.5%</u>	
TRANSFERS					
Debt Service	619,142	624,900	624,395	-0.1%	1.89%
Senior Center	176,550	170,000	170,000	0.0%	0.51%
CHIP Grant Fund	-	5,000	5,000	0.0%	0.02%
Total Operating Transfers	<u>795,692</u>	<u>799,900</u>	<u>799,395</u>	<u>-0.1%</u>	
Trail Grant Fund	5,809	-	-	0.0%	0.00%
TE Grant Fund	-	40,000	40,000	0.0%	0.12%
Dalton Municipal Airport	-	-	35,000	0.0%	0.11%
Airport Grant Fund	2,708	52,500	15,000	-71.4%	0.05%
CDBG Grant Fund	23,060	-	-	0.0%	0.00%
Senior Center	-	-	11,500	0.0%	0.03%
Capital Acquisitions Fund	1,305,558	688,000	1,500,000	118.0%	4.53%
Total Capital Transfers	<u>1,337,135</u>	<u>788,000</u>	<u>1,601,500</u>	<u>105.2%</u>	
Total Expenditures & Other Uses	<u>\$ 30,781,217</u>	<u>\$ 32,124,010</u>	<u>\$ 33,112,100</u>	<u>3.1%</u>	<u>100.00%</u>
Revenues Over (Under) Expenditures	<u>\$ 1,279,183</u>	<u>\$ (1,030,110)</u>	<u>\$ (1,500,000)</u>		

2016 Proposed Budget Special Revenue Funds

City of Dalton
Special Revenue Funds
2016 Proposed Budgets

	Hotel Motel Tax	Confiscated Asset	CDBG Fund	TE Grant Fund	Airport Grant Fund	CHIP Fund
Revenues						
Hotel motel taxes	\$ 1,298,000	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - SPLOST	-	-	-	-	-	-
Forfeitures & Seizures	-	85,000	-	-	-	-
Intergovernmental - federal and state	-	-	388,000	500,000	285,000	304,980
Investment earnings	2,000	210	-	-	-	-
Total Revenues	1,300,000	85,210	388,000	500,000	285,000	304,980
Expenditures						
General government and administration	-	-	77,600	-	-	-
Facilities, housing and infrastructure	-	-	252,200	540,000	300,000	309,980
Public safety	-	80,450	-	-	-	-
Public service	-	-	58,200	-	-	-
Tourism	1,300,000	-	-	-	-	-
Total Expenditures	1,300,000	80,450	388,000	540,000	300,000	309,980
(Deficiency) of Revenues (Under Expenditures)	-	4,760	-	(40,000)	(15,000)	(5,000)
Other Financing Sources (Uses)						
Transfers in (out)	-	-	-	40,000	15,000	5,000
Total Other Financing Sources (Uses)	-	-	-	40,000	15,000	5,000
Net Change in Fund Balance	\$ -	\$ 4,760	\$ -	\$ -	\$ -	\$ -

2016 Proposed Budget
Debt Service Fund
Capital Projects Funds

City of Dalton
Debt Service & Capital Projects
2016 Proposed Budgets

	Debt Service Fund	Capital Projects Fund Annual Budgets		Capital Projects Fund Multi-Year Budgets	
		T-SPLOST	Capital Acquisition Fund	2015 SPLOST (Pay Go)	2015 SPLOST (Debt)
Revenues					
Payment in Lieu of Property Taxes	\$ 53,000	\$ -	\$ -	\$ -	\$ -
Intergovernmental - SPLOST	-	3,858,000	-	24,913,115	-
Intergovernmental - federal and state	102,820	-	-	200,000	-
Total Revenues	<u>155,820</u>	<u>3,858,000</u>	<u>-</u>	<u>25,113,115</u>	<u>-</u>
Expenditures					
General government and administrative	3,000	-	-	-	-
Capital expenditures	-	3,858,000	1,500,000	16,323,960	6,551,000
Debt service - principle & interest	777,215	-	-	8,789,155	-
Total Expenditures	<u>780,215</u>	<u>3,858,000</u>	<u>1,500,000</u>	<u>25,113,115</u>	<u>6,551,000</u>
(Deficiency) of Revenues (Under Expenditures)	<u>(624,395)</u>	<u>-</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(6,551,000)</u>
Other Financing Sources (Uses)					
Transfers in (out)	624,395	-	1,500,000	-	-
Total Other Financing Sources (Uses)	<u>624,395</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,551,000)</u>